

# PMEGP: RESTRUCTURING INDIAN EMPLOYMENT LANDSCAPE

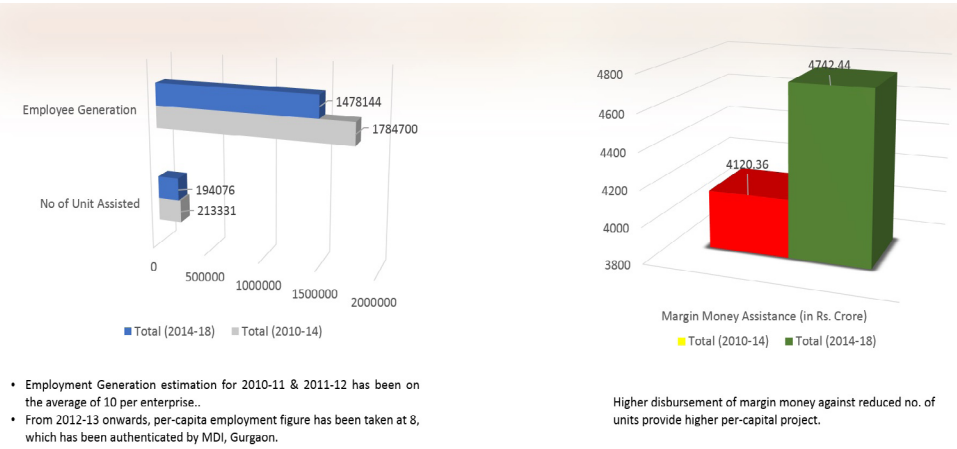
There is more to Goa than just sun, sand and the sea.

With increasing focus on startups, many women in Goa are taking the entrepreneurial route. LawMate and the Legal Capsule, the latest market offerings by two Goan women entrepreneurs Gautami and Deepika (22) gives an apt insight to the entrepreneurial route taken up by youth in the state. Schemes of Indian Govt like the Prime Minister’s Employment Generation Programme (PMEGP) have opened up vistas of opportunity for development and promotion of micro sector. Launched in 2008-09 through merger of the erstwhile schemes of Prime Minister’s Rozgar Yojana (PMRY) and Rural Employment Generation Programme (REGP),

PMEGP has proved to be instrumental in boosting growth of MSME sector, and eventually upheaving the economic scenario of the country. PMEGP was in operation during

millions of jobs every year. For instance, in the US, SMEs contribute around 50 per cent towards GDP and 60 per cent towards employment; in Taiwan, the share

for promoting a spirit of entrepreneurship in the country, living up to the time tested adage:’ Give a man a fish and you feed him for a day; teach a man to fish and you feed



## Achievements of PMEGP Scheme

XI and XII Plan and has been approved for continuation beyond XII plan for three FY from 2017-18 to 2019-20. **Global outlook and challenges before MSME sector** SMEs account for a significant proportion of manufacturing and exports, creating

of SMEs in GDP is 85 percent while in employment it is 78 per cent. In Indian context, the sector consists of approximately 63 million units, and is a seminal contributor to the economic growth of the country. To put it in nutshell, MSMEs are the key drivers

him for a lifetime’. MSMEs are no doubt, 21st century vehicles for setting up self-employment ventures setting out the potential for individuals as well as for the collective growth, and most significantly, celebrating the will of self-sustainability

## Idea behind PMEGP

While micro business activities in India and other developing world managed to relieve poor of the burden of unemployment and provide them with some economic returns to reduce their poverty. While it is so, numerous constraints continue to hold them back - a dearth of available capital or finance including other resources; basic infrastructure, technology, education, and other basic business skills. The poor’s entrepreneurship, a participatory

transition through self-employment, is readily recognized as a means of circumventing existing power structures, embedded gender inequalities and gaining agency through improved financial status, which can be possible through the livelihood development program interventions like Prime Minister’s Employment Generation Programme being provided by the Government across all regions of the country.

## PMEGP- Entrepreneurship Development and Socio-Economic

## Development:

The ability of the poor to grow through self-employment depends on the finance. It may be the venture or seed capital or the working capital needs, the poor faces the constraints. Lack of awareness, inability to provide security, lack of constant flow of income and present oriented-life-style made them vulnerable towards generation of capital to be self-employable or self-reliant. The livelihood development programmes like PMEGP enhance their capital

generating capability by eliminating the constrictions of institutional financing, which ultimately leads to a sustainable socio-economic development. Major components of the highly anticipated scheme of Indian Govt PMEGP can be summarized as:

## Margin money/ Financial Assistance Under PMEGP

Also, referred to as one time assistance from Government is a key component of PMEGP. The margin money subsidy for general category

## LAUNCH OF PMEGP

Government of India launched a national levelprogramme, i.e. Prime Minister’s Employment Generation Programme (PMEGP), on 15th August 2008. At national level, the programme is being implemented by Khadi and Village Industries Commission (KVIC) which is a statutory body under the aegis of the Ministry of MSME and at state level, State KVIC Directorates, State KVIBs and DICs are the implementing agencies.

## OBJECTIVES OF PMEGP

The PMEGP is an effort of the Government of India to bridge the gap between the demand for MSME products and services and the capacity that these aspiring entrepreneurs have of meeting those demands. Following is the list of broad term/ primary objectives facilitated by the scheme:

- To generate continuous and sustainable employment opportunities in Rural and Urban areas of the country
- To provide continuous and sustainable employment to a large segment of traditional and prospective artisans, rural and urban unemployed youth in the country through setting up of micro enterprises.
- To facilitate participation of financial institutions for higher credit flow to micro sector.

beneficiaries in urban region is 15% of the project cost while its 25% for rural region; personal contribution is 10%. Furthermore, the rate of subsidy( of project cost) for special category beneficiaries( including SC/ ST/ OBC/ Minorities/ Women, Ex-Servicemen, Physically Handicapped, NER, Hill) is 25% and 35% for urban and rural regions respectively; personal contribution is 5%.

Employment Generation through Setting up of units

PMEGP has proved to be instrumental in providing sustainable employment. Units set up under the scheme provided employment throughout year and for years together. The total number of micro units setup from 2012-013 to 2015-16 was 2,00,885 units. Some of the findings reported by an independent evaluation study of the KVIC, done by Management Development Institute (MDI), Gurgaon are that after physical verification of 10,044

PMEGP units (five percent of the total units) all over the country. The average employment per project was 7.66 persons, with an average cost of Rs 94,855 for generating unit employment and the average cost per project is Rs 7,26,760.

**STRUCTURAL REFORMS FOR EFFECTIVE MONITORING AND IMPLEMENTATION**  
**Enabling financial freedom:** Finding a legitimate loan lender

have always been a huge problem to aspiring entrepreneurs who have financial problem and in need of solution to it. The issue of credit and collateral are something that poor are always worried about when seeking a loan from a legitimate lender. But PMEGP has made that difference in the lending industry by offering loans to individuals, SHGs, societies etc that are in need of financial Assistance at lower interest rates

Second Financial Assistance under PMEGP Modification made in the scheme include a loan of upto Rs 1 crore to existing and better performing PMEGP units for upgrading with subsidy of 15 per cent; 20% for hilly areas and NERs.

**Capacity Building**  
No doubt, capacity building is the most crucial of all the support provided by PMEGP. If adequate capacity is not built, all other support measures will fail beyond a point. Sector and function specific

trainings is imparted through various Skill Development Programmes like EDP. PMEGP Scheme provides for mandatory EDP (Entrepreneurship Development Programme) training to all PMEGP beneficiaries before release of first installment of loan. The objective of EDP is to provide orientation and awareness pertaining to various managerial and operational functions like finance, production, marketing, enterprise management, banking of formalities, book keeping etc.

**E-governance initiatives for entrepreneurs**  
There are many initiatives of the government that have given more value to a foreigner to say “India is now a country worth looking at”. Though the objective of Digital India initiative is to digitize government activities, it has also proved to be instrumental in improving the digital literacy. By this, even SMEs and MSMEs have started creating their digital presence and promoting their offerings in the internet. This, to a

foreign buyer would create the confidence about the existence of the business and their offerings. Also by such presence, a business could build a reputation there by improving the value of their offerings.

*Ref: Sanjeeb Kumar Jena and RikoMihu., Impact of PMEGP on Entrepreneurial Development of Tribal Beneficiaries-A Case Study of Lohit District of Arunachal Pradesh.*

ACHIEVEMENTS AT A GLANCE/ MILESTONES ACHIEVED

Accessibility to credit & Employment Generation:

Margin money subsidy of Rs 10354.49 crore providing employment to an estimated 40.46 lakh persons from inception till 30.06.2018 through setting up of 4.86 lakh units.

#berozgaariseazaadi

SHRI. L PAVAN KUMAR

If you follow your passion, then there is no limit to success. That is how Shri. L Pavan Kumar an avid photographer from Andhra Pradesh followed his passion and after taking a loan of 3.95 Lakhs from the PMEGP scheme he started his own photography studio. He persevered through the initial challenges he faced and in time and set up a successful business and now his income is 30,000/- per month



HOW TO APPLY?

To apply visit  
<https://www.kviconline.gov.in/pmegpeportal/pmegphome/index.jsp>

It is evident that the M/o MSME has made substantial progress in laying down policies and reforms for the MSME sector, and is also working towards its implementation in real life through coordination with state government and local agencies. It has been trying to give a boost –by strengthening by way of resources, profitability and sustainability- the enterprises that are already operating in this sector and by providing impetus in the form of various incentives for the growth of enterprises run by socially disadvantaged sections, in particular. It is working to realize the vision where products produced by MSMEs begin to cater to the day-to-day requirements (demands) of consumers, paving the way for this sector to substantially contribute to the growth of the nation. However, what is of importance is the change in the mindset of the youth of the country who must realize that entrepreneurs is not simply the only sustainable way forward for the economy but is also a major means of self employment. Undoubtedly, the MSME sector holds incredible potential to make the people realize their dreams of becoming their own masters.

CONCLUSION- THE ROAD AHEAD